



## **Business Property Tax Credit: Information for Taxpayers**

### **What is the Business Property Tax Credit?**

The Business Property Tax Credit is part of the overall 2013 property tax reform bill that was enacted by the Iowa Legislature and signed by Governor Branstad. The credit is applied toward property tax due on the 2013 property assessment and payable in the fall of 2014 and the spring of 2015.

### **What Property is Eligible for the Credit?**

This credit is available for certain commercial, industrial and railroad properties. The credit is applicable to individual parcels as well as "property units." One credit is available for each qualified parcel or property unit.

### **What is a Property Unit?**

A property unit is a new concept specific to the credit. The law defines a property unit as contiguous parcels of the same classification that are owned by the same person, located in the same county, and operated by that person for a common use and purpose.

### **What is a Contiguous Parcel?**

Contiguous parcels are:

- Parcels that share a common boundary;
- Parcels within the same building or structure, regardless of whether or not they share a common boundary; or
- Permanent improvements to the land that are situated upon one or more parcels of land that are assessed and taxed separately from the permanent improvements *if* the parcels of land upon which the permanent improvements are situated share a common boundary. A more common way to describe this situation is permanent improvements upon leased land.

### **What Property is NOT Eligible for the Credit?**

The following types of property are *not* eligible for the Business Property Tax Credit:

- Agricultural property
- Residential property
- Property that is rented or leased under Section 42 (low income) housing
- Hotels, motels, and inns in which rooms are rented for more than 30 days at a time
- Mobile home parks

- Manufactured home communities
- Land leased communities
- Assisted living facilities
- Nursing homes
- Property that is primarily used or intended for human habitation and that contains three (3) or more separate dwelling units. This includes apartment buildings and dwellings converted to three (3) or more apartments that are currently classified as commercial property.

### **How can I Obtain a Credit for my Property?**

You must apply for the credit by completing an application form. You should **contact your county or city assessor for instructions on how to obtain and complete an application form** as each assessor may be handling the application process differently. You can find information on how to contact your assessor at the following website:

[www.iowa-assessors.org](http://www.iowa-assessors.org)

### **When is the Application Due?**

To have the credit applied to the 2013 property tax assessment **your application must be received by your local assessor no later than January 15, 2014**. Applications received after that date will be applied to the 2014 property tax assessment.

### **How much will the Credit Be?**

The actual amount of credit each property unit will receive depends in part upon the total value of all property units statewide and the average consolidated tax rates for each individual property unit. The credit calculation is designed to spend ninety-eight percent of the amount appropriated by the 2013 Iowa Legislature to the Business Property Tax Credit Fund. The Legislature appropriated \$50 million for the 2014-2015 fiscal year, \$100 million for the 2015-2016 fiscal year, and \$125 million for the 2016-2017 fiscal year and thereafter. The fund is capped at \$125 million dollars. **The Legislative Services Agency has estimated that the first year credit amount will be approximately \$523.** Your final credit will depend upon how many applications were received and approved statewide versus the amount that was appropriated for the fiscal year.

### **What Should I do if I Have Additional Questions?**

The Iowa Department of Revenue is here to help. If you have a question, someone else probably has the same one! We have a growing repository of questions and answers on our website. Please help us add to the information by submitting your question to:

[PropertyTax@iowa.gov](mailto:PropertyTax@iowa.gov).